

Message Text

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PAGE 01 BUENOS 04402 192302 Z

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ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 OMB-01 TRSE-00 CIEP-02 CEA-02

FRB-02 SS-15 NSC-10 H-02 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 DODE-00 PA-03 USIA-12 PRS-01 COME-00 XMB-07

STR-08 AID-20 RSR-01 /129 W
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P R 192200 Z JUN 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 2545

INFO AMEMBASSY LIMA

C O N F I D E N T I A L BUENOS AIRES 4402

LIMA FOR KUBISCH

E. O. 1165 2: GDS

TAGS: EFIN, AR

SUBJECT: NATIONALIZATION US BANKING INTERESTS IN ARGENTINA

REF: A) STATE 118843 B) BA-4367 C) BA-4349

1. SINCE JUNE 15, ONE OF FIRST PRIORITIES OF EMBASSY HAS BEEN TO SEEK INFORMATION CONCERNING PRECISE INTENTION GOA AND TEXT OF PROPOSED LAW ON SUBJECT. OUR EFFORTS ARE CONTINUING.

2. AS OF COB JUNE 19 WE HAVE LITTLE TO ADD TO INFORMATION PROVIDED REFS B AND C. TOGETHER WITH BANKS INVOLVED, WE HAVE BEEN SEEKING TEXT OF DRAFT BILL WITHOUT SUCCESS. VICE PRESIDENT FRED VINTON FROM NEW YORK OFFICES MORGAN GUARANTY HAS BEEN IN BUENOS AIRES SINCE JUNE 16. HE ALSO HAS BEEN SEEKING INTERVIEW WITH CENTRAL BANK PRESIDENT GOMEZ MORALEZ WITHOUT SUCCESS. SIMILARLY, OTHER EMBASSIES REPORT FAILURE IN TURNING UP TEST OF PROPOSED LEGISLATION. OUR WORKING CONTACTS WITH PERONIST GROUP ARE ALSO UNAVAILING UP TO PRESENT TIME.

3. PRESS REPORTS OF JUNE 19 STEMMING FROM MINFIN GELBARD PRESS
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PAGE 02 BUENOS 04402 192302 Z

STATEMENT JUNE 18 THAT TWENTY DRAFT BILLS, INCLUDING ONE ON SUBJECT, HAD BEEN SENT TO CONGRESS CONTAINED SHORT SQUIB PURPORTING TO GIVE GENERAL TENOR OF EACH DRAFT LAW. (WE REPORTING THIS DEVELOPMENT SEPARATELY) IN CONNECTION WITH DRAFT LAW ON NATIONALIZATION OR EXPROPRIATION OF FOREIGN BANK INTERESTS, PRESS ITEM IMPLIED GOA SEEKING TO NATIONALIZE QUOTE NET ASSETS UNQUOTE OF BANKS, A DIFFERENT CONCEPT THAN THE FOREIGN EQUITY SHARES. THIS STATEMENT WAS ACCOMPANIED BY OTHERS INDICATING GOA NOT PREPARED TO PAY FOR INTANGIBLE ASSETS, VALUE OF NAME OR QUOTE GOING CONCERN VALUE UNQUOTE. WE FIND THE PRESS ITEM NOT HELPFUL IN CLARIFYING SITUATION. IT IS CONTRADICTORY IN SEVERAL RESPECTS TO PREVIOUS REPORTS WHICH PRESUMABLY WERE ALSO BASED ON MINFIN INFORMATION.

4. VAGUENESS OF INFORMATION LEAKED ON DRAFT LEGISLATION CONCERNING SUBJECT CREATES WITH US SOME SUSPICION THAT NO FULLY WORKED OUT DRAFT LAW IS YET READY. MANY OF CLOSEST OBSERVERS FEEL THAT THERE MAY BE A DRAFT LAW TEXT CONTAINING GENERALIZED PROVISIONS TO BE POLISHED BY REGULAMENTORY DECREES LATER, AFTER PRESENT AUTHORITIES HAVE REACHED FIRM DECISION, ON OBJECTIVES OR THRASHED OUT SPECIFIC OBJECTIVES AND PROVISIONS WITH SEVERAL FACTIONS, INCLUDING RADICAL PARTY MEMBERS, IN CONGRESS.

5. MEANWHILE SENIOR EMBASSY OFFICIALS ACTIVELY SEEKING TO MEET WITH APPROPRIATE IMPORTANT GOA FIGURES IN SEARCH OF MORE PRECISE INFORMATION AND TO EXPRESS OFFICIAL U. S. CONCERN.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUENOS04402
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730625/aaaajith.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 118843
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 15 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Jan-2002 by boyleja>; APPROVED <06-Feb-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980218
Subject: NATIONALIZATION US BANKING INTERESTS IN ARGENTINA
TAGS: EFIN, AR
To: ARA
LIMA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005